



City Council Budget Oversight Committee

- April 18, 2006 -

Redevelopment Agency Debt

The Agency Needs City Debt

1. A project area must have debt to collect tax increment from the County.
2. A project area can transfer money to the General Fund if it has debt to the City.
3. A project area can collect tax increment after redevelopment ends and pay it to the City if it has City debt.

Summary of Agency Debt to the City

Downtown
(CDBG

\$85,249,475
\$50,881,622)

Central

\$12,251,279

Poly High

\$3,140,260

Barriers to Repayment

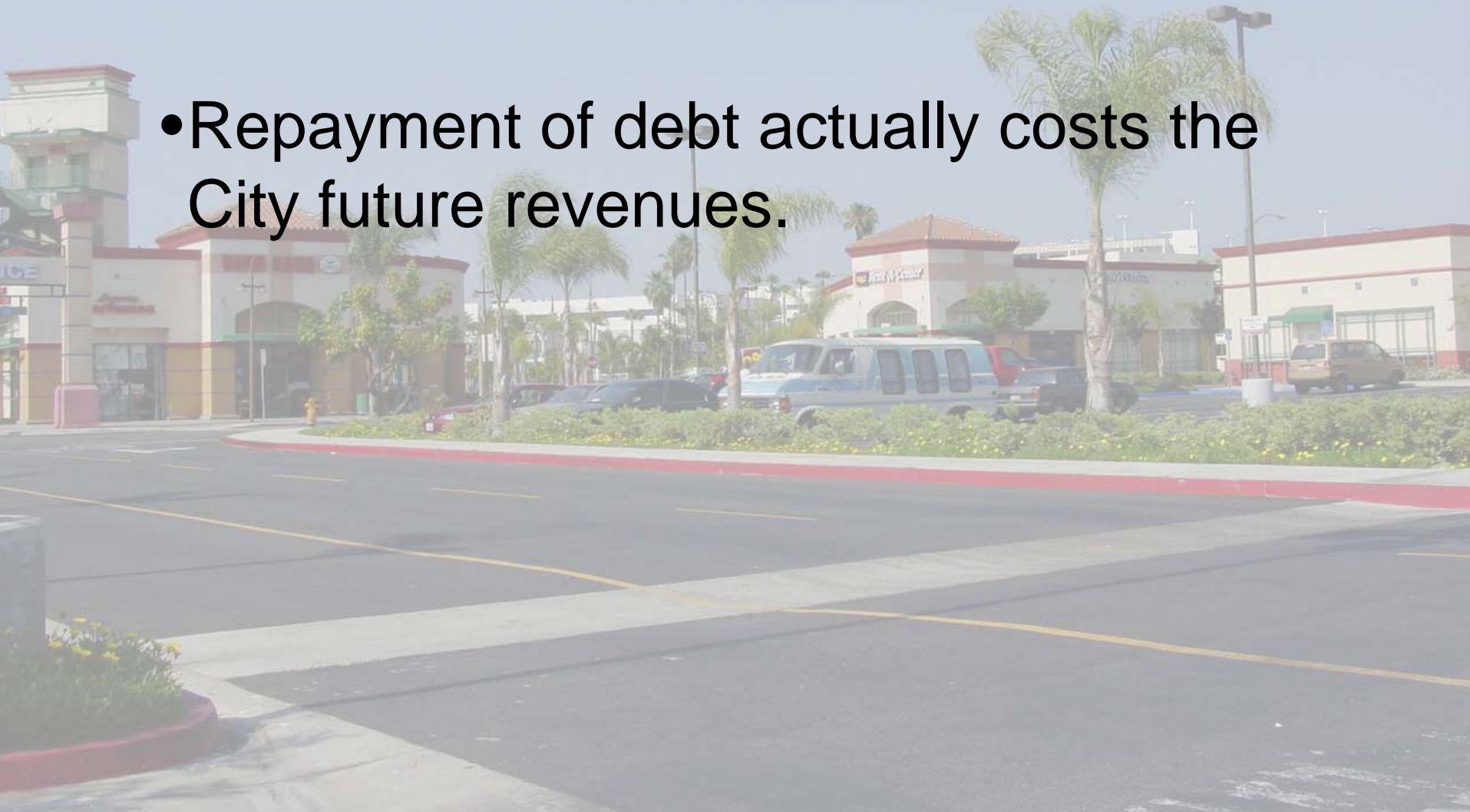
- No legal barrier to repayment.
- Agency debt is automatically repaid to the City when the project area terminates.
- Practical barriers:
 - Availability of funds for repayment.
 - Cancellation of redevelopment projects and programs.
 - Loss of future tax increment revenues.

Reasons to Defer Downtown Payments

- Allows redevelopment projects and programs to continue.
- Maximizes transfer of tax increment from Los Angeles County to the City in future years.

Future Debt Repayment Issues

- Repayment of debt actually costs the City future revenues.



Potential Repayment Options

- Reduce number of projects undertaken and use tax increment for debt repayment on an annual basis (applies to Downtown, Central Long Beach & Poly High Project Areas).
- Use bond proceeds from Central Long Beach Project Area to repay City debt (would reduce funding for approved bond projects).
- Purchase of city-owned land.

2006 Agency Acquisition of Property from City

- Acquisition of City-owned properties
 - City parking lot (Cedar Court) – \$1.7 million
 - Video Choice (Shoreline Gateway) – \$1.8 million

Port Tax Increment Re-Allocation

- Central pays \$1.3 million of its debt to the City through an offset of Port tax increment to the Central housing set-aside fund.
- Mechanism:
 - ✓ North uses Port tax increment to pay Central Long Beach housing set-aside.
 - ✓ Central Long Beach uses savings to pay City debt.
- Staff works to create new City debt for the Central Long Beach Project Area in future years.

Recommendations for Debt Repayment

- Continue the Port tax increment transfer – \$1.3 million – to repay Central debt.
- Begin paying 100% of tax increment generated in the Downtown Project Area by the Pike development beginning in FY 2008.